

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 AID-05 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 SS-15 STR-07
ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01 DOE-11
OIC-02 AF-10 ARA-10 EA-10 EUR-12 NEA-10 /159 W
-----034788 091724Z /42

R 091538Z MAR 78
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TO SECSTATE WASHDC 6983

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FOR EB/OF, AID/FFP; PASS ELECTRONICALLY AGRICULTURE
FOR HATHAWAY AND STR FOR STARKEY

REF: A) GENEVA 3387, B) GENEVA 3353

E.O. 11652: N/A
TAGS: ETRD EAGR OCON
SUBJECT: FOOD AID CONVENTION

1. SUMMARY: FOOD AID COMMITTEE MET MARCH 3 AND 7,
MAKING LITTLE PROGRESS AND RECEIVING NO DONOR COMMIT-
MENTS OTHER THAN THAT OF THE US. NEXT COMMITTEE
MEETING NOT LIKELY UNTIL NEXT WEEK, WITH SMALL GROUP
MEETINGS INITIATED BY CHAIRMAN TO TAKE PLACE IN INTERIM.
EC, SUPPORTED BY ARGENTINA, HAS STATED THAT IT CANNOT
MAKE COMMITMENT UNTIL ITS COSTS UNDER THE WHEAT TRADE
CONVENTION ARE KNOWN, AND DOES NOT ANTICIPATE FURTHER
PROGRESS UNTIL END OF CONFERENCE. DEVELOPING COUNTRIES
STRONGLY STATED THEIR OBJECTION TO FAC BEING "HOSTAGE"
OF WTC. US TABLED EMERGENCY PROVISION FOR SPECIAL
NEEDS BUT SHORTNESS OF TIME PREVENTED DISCUSSION. END
SUMMARY.

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2. FOLLOWING STATEMENT OF US COMMITMENT TO FOOD AID
CONVENTION (REFTEL A), CHAIRMAN PROCEEDED TO REVIEW
DRAFT FAC ARTICLE-BY-ARTICLE FOR THE THIRD TIME ON
MARCH 3 AND 7. PRIOR TO MARCH 7 MEETING, CHAIRMAN
MULIRO CALLED MEETING OF DELEGATION SPOKESMEN IN
ATTEMPT TO DISCUSS EXPANSION OF PARTICIPATION AND LINK

WITH WTC. ON FIRST ISSUE, CANADA ADVOCATED GETTING POTENTIAL DONORS NOW, AND SUGGESTED SAUDI ARABIA, IRAN, KUWAIT AND VENEZUELA. EC ADDED USSR, BUT CHAIRMAN SAID HE HAD APPROACHED THEM AND RECEIVED A BRIEF CONCLUSIVE RESPONSE - "NYET." DEVELOPING IMPORTING COUNTRIES PRESENT -BANGLADESH, INDIA, AND EGYPT DIS-AGREED, WITH CANADA SAYING FIRST DONOR COUNTRIES SHOULD COMMIT, AND THEN NEW DONORS COULD BE SOUGHT TO FILL GAP. US SUGGESTED A PARALLEL EFFORT, ESPECIALLY BECAUSE OF SHORTNESS OF TIME REMAINING. CHAIRMAN RECOMMENDED THAT COURSE, BUT LDC PRESSURE OBVIOUSLY REMAINS ON OTHER DONORS TO ANNOUNCE.

3. ON SECOND ISSUE, LINKAGE WITH WTC, EC FOLLOWED BY ARGENTINA BLUNTLY STATED THAT THEY COULD NOT QUANTIFY THEIR CONTRIBUTION UNTIL THEY KNEW WHAT THEIR FINANCIAL OBLIGATIONS WERE UNDER THE WTC, AND THAT THEY VIEWED NEGOTIATIONS AS A THREE-PART PACKAGE - WHEAT, COARSE GRAINS AND FOOD AID. DEVELOPING COUNTRIES REITERATED THEIR STRONG BELIEF THAT FOOD AID SHOULD NOT BE HELD HOSTAGE TO WTC.

4. OTHER ISSUES WERE REVIEWED ARTICLE-BY-ARTICLE (FOR THE THIRD TIME) AT FULL FOOD AID COMMITTEE MEETINGS OF MARCH 3 AND 7. FOR ARTICLE I, EC CONTINUED ITS EFFORT TO DELETE "SUITABLE FOR HUMAN CONSUMPTION," BUT DID LIMITED OFFICIAL USE

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SAY IT COULD LIVE WITH THIS PHRASE IN CONVENTION IF RULES OF PROCEDURE CONTAINED LANGUAGE ALLOWING AN EXCEPTION FOR FEEDGRAINS SIMILAR TO THE CURRENT RULE 2(E) ALLOWING RICE IN EXCEPTIONAL CIRCUMSTANCES. EGYPT OPPOSED. US PROPOSED ADDING "MEMBERS DRAWN FROM" SO THAT PHRASE REPORTED REFTEL (B) NOW READS "...ENSURING THROUGH A JOINT EFFORT BY MEMBERS DRAWN FROM THE INTERNATIONAL COMMUNITY." EC AND JAPAN OPPOSED, KENYA SUPPORTED. BOTH AUSTRALIA AND ARGENTINA OFFERED LANGUAGE ALONG LINES OF EC ATTEMPT TO PREVENT ARTICLE I FROM COMMITTING ONLY FAC MEMBERS TO THE 10 MILLION TON GOAL. JAPAN STATED THAT THIS IS, IN ITS VIEW, ONLY A LONG-TERM GOAL ON A BEST EFFORT BASIS.

5. ARTICLE III(1) - US CONTINUED TO OPPOSE INCLUSION OF RICE, WITH CANADA AND ARGENTINA SILENT. SWITZERLAND SUGGESTED ADDING "IMPORTING MEMBER COUNTRIES MAY, AS PART OF THEIR FOOD AID, PROVIDE OTHER AGRICULTURAL PRODUCTS IN APPROPRIATE CASES ONLY IF: " - FOLLOWED BY THE THREE PROVISOS OF THE EC'S SPAGHETTI AMENDMENT.

6. ARTICLE III(6) - LDC'S NOW SUGGEST "ON THE UNDER-

STANDING THAT FOOD AID IN THE FORM OF GRAINS SHALL BE SUPPLIED TO THE MAXIMUM EXTENT POSSIBLE BY WAY OF GIFT, ESPECIALLY IN THE CASE OF LEAST DEVELOPED COUNTRIES, LOW PER CAPITA INCOME COUNTRIES AND DEVELOPING COUNTRIES IN SERIOUS ECONOMIC DIFFICULTIES." HOWEVER, ISSUE NOT RESOLVED, AS EGYPT IS CONSIDERING REPLACEMENT OF LAST GROUP BY "MOST SERIOUSLY AFFECTED COUNTRIES." COMMITTEE HAS AGREED TO DELETION OF FIRST TWO BRACKETED ITEMS REFERRING TO SUBPARAGRAPH (A), AND (A) AND (B). USDEL ASSUMES THIS IS NO PROBLEM.

7. ARTICLE III(8) - THIS IS THE SITE OF ANOTHER IMBROGLIO, HERE BETWEEN ARGENTINA AND THE DEVELOPING COUNTRIES. THE LATEST LDC PERMUTATION READS "IN THE LIMITED OFFICIAL USE

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OIC-02 AF-10 ARA-10 EA-10 EUR-12 NEA-10 /159 W
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USE OF GRANT FUNDS, SPECIAL REGARD SHALL BE HAD TO FACILITATING GRAIN EXPORTS OF, OR PROCESSING BY, DEVELOPING COUNTRIES. TO THIS END, PRIORITY SHALL BE GIVEN SO THAT, IF POSSIBLE, NOT LESS THAN PERCENT OF THE CASH CONTRIBUTION TO PURCHASE GRAIN FOR FOOD AID OR THAT PART OF SUCH CONTRIBUTION REQUIRED TO PURCHASE METRIC TONS OF GRAIN SHALL BE USED TO

PURCHASE GRAINS PRODUCED IN DEVELOPING COUNTRIES, HAVING REGARD TO THE QUALITY, THE CIF ADVANTAGES AND THE POSSIBILITIES OF SPEEDY DELIVERY TO THE RECIPIENT COUNTRY, AND THE SPECIFIC REQUIREMENTS OF THE RECIPIENT COUNTRIES THEMSELVES. SUCH PURCHASES SHALL, HOWEVER, BE CONDITIONAL ON THE SELLING COUNTRY HAVING NOT RECEIVED THE TYPE OF AID MENTIONED IN PARAGRAPH (6) OF ARTICLE III WITHIN THE PREVIOUS YEARS." ARGENTINA WILL INSIST THAT "DEVELOPING COUNTRIES" BE REPLACED BY "DEVELOPING EXPORTING MEMBERS." USDEL EXPRESSED INITIAL SUPPORT OF ARGENTINA, PRIOR TO THE EVOLUTION OF THIS SMORGASBORG.

8. ARTICLE V - ACCEPTED.

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9. ARTICLE VI - USDEL PROPOSED ADDITION OF SECOND PARAGRAPH IN ACCORDANCE POSITION PAPER (VERBATIM). ACCEPTED WITHOUT OPPOSITION.

10. ARTICLE VII - EC CONTINUED TO INSIST ON DEFERRING NAMING OF US AS DEPOSITARY GOVERNMENT OF FAC UNTIL A DECISION IS MADE ON A DEPOSITARY FOR THE WTC. VANDEN HEUVEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOD ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 09 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA03706
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780106-0647
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780389/aaaacxas.tel
Line Count: 198
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6d03d9ca-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 3387, 78 GENEVA 3353
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3390777
Secure: OPEN
Status: NATIVE
Subject: FOOD AID CONVENTION
TAGS: ETRD, EAGR, OCON
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6d03d9ca-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014